

EXHIBIT 1

BLACKJEWEL, LLC, ET AL. v.
UNITED BANK

JEFFERY HOOPS
10/13/2021

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA

* * * * *

In re:

Chapter 11

Blackjewel, L.L.C., et al,

Case No. 19-30289

Debtors,

(Jointly Administered)

BLACKJEWEL, L.L.C., et al.

Plaintiffs,

v.

Adv. Proceeding 3:20-ap-03007

UNITED BANK,

Defendant.

* * * * *

Videotaped deposition of JEFFERY HOOPS
taken by the Defendant under the Federal Bankruptcy
Rules in the above-entitled action, pursuant to
notice, before Elizabeth A. Hill, Court Reporter,
at Steptoe & Johnson, 1700 Chase Tower, Charleston,
West Virginia, on the 13th day of October, 2021.

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1 Q. The -- I have viewed your property taxes in
2 Florida from the Assessor's Office in Pinellas
3 County, and it lists a Milton address as the
4 address of record for purposes of property taxes.
5 Are you aware of that?

6 A. I am not surprised by that, but I'm --

7 Q. To your knowledge, are those taxes
8 forwarded to your Milton address, the Florida
9 property taxes?

10 A. Yes, sir.

11 Q. Okay. You're married to Patricia Hoops;
12 correct?

13 A. That's correct.

14 Q. How long have you been married?

15 A. 47 years.

16 Q. Often that question gets asked with the
17 wife here and it is very awkward, but you didn't
18 pause very long. Do you recall your wedding date?

19 A. June 15th, 1974.

20 Q. Did you get married out of high school?

21 A. One week after we graduated, yes.

22 Q. How many kids do you have?

23 A. Three sons.

24 Q. What are their names?

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1 A. Jeffery II, Jeremy, and Joshua.

2 Q. I don't want to assume, but I think -- is
3 that the order of their births, Jeffery, Jeremy,
4 and then Joshua?

5 A. That's correct, yes.

6 Q. How old is Jeffery?

7 A. 44.

8 Q. How old is Jeremy?

9 A. 40.

10 Q. And Joshua?

11 A. 33.

12 Q. Where does Jeffery live?

13 A. He lives in Scott Depot, West Virginia.

14 Q. That's pretty close to Milton, isn't it?

15 A. 10 miles or so.

16 Q. And where does Jeffery work, or where is he
17 employed as best you know?

18 A. He works for Lexington Coal Company.

19 Q. For Lexington Coal Company?

20 A. Yes.

21 Q. And what does he do for Lexington Coal
22 Company? What is his position?

23 A. He's an engineer.

24 Q. Does Jeffery have a degree in engineering?

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1 A. Until 2008.

2 Q. So what happened in 2008?

3 A. The company was sold.

4 Q. So did Denham Capital at that point sell
5 their portion of Frasure Creek?

6 A. Yes. Actually, I resigned prior to the
7 sale. The sale was subsequent to my resignation.

8 Q. Okay. Why did you resign?

9 A. I really didn't want to have to work for
10 the next company. It was for sale, and obviously
11 it was going to be sold, so they brought in a new
12 management team and allowed me to resign and move
13 on at that point.

14 Q. Time to do something else?

15 A. Yes, sir.

16 Q. Okay. What did you do next?

17 A. Started Revelation Energy. It was formed
18 in late -- right at the end of the year in 2008.

19 Q. When you started Revelation, did you have
20 any mines already --

21 A. No, sir.

22 Q. Okay. When did you first acquire mines for
23 Revelation?

24 A. Probably early 2009.

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1 Q. Did you start off with one mine, more than
2 one? Do you recall?

3 A. It was just one mine when we started.

4 Q. What mine was that?

5 A. It was Hunts Branch Mine in Phelps,
6 Kentucky.

7 Q. Did you eventually acquire other mining
8 operations?

9 A. Yes, sir.

10 Q. How many mining operations did Revelation
11 ultimately acquire?

12 A. It was more than 10. I don't recall
13 exactly.

14 Q. And what states were those mines located
15 in?

16 A. Revelation was West Virginia, Kentucky, and
17 Virginia.

18 Q. I have seen records that indicate that
19 Revelation -- and if I'm using the incorrect
20 terminology, please feel free to correct me --
21 became Blackjewel at some point in 2017. Am I
22 correct in that?

23 A. Yes, sir.

24 Q. What was the reason for the creation of

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1 Blackjewel?

2 A. In 2017 it was decided by the management
3 and board at Blackjewel that -- or at Revelation at
4 the time. It was much the same if you looked in
5 the coal industry. All the major producers were
6 moving to focus on their metallurgical mines. So
7 the reason was to -- basically, by 2017 Revelation
8 had idled its mines that were used for thermal coal
9 and was focused on just mining metallurgical coal.
10 And so the thought was to really kind of rebrand
11 the company as Blackjewel and focus on maximizing
12 the metallurgical coal that it produced. And the
13 thermal mines were idled, and so they were left in
14 Revelation. And the new mines or the metallurgical
15 mines were placed in Blackjewel at the time.

16 Q. How many mines were idled? Do you recall?

17 A. That happened over a number of years, so
18 there were probably 8 or 10 mines idled.

19 Q. Then how many mines survived? How many
20 were the met coal mines that kept going?

21 A. There were probably -- deep mines and
22 surface mines, probably 12 to 15 mines.

23 Q. So after the creation of Blackjewel, were
24 there any -- did Revelation or Blackjewel operate

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1 was made to acquire operations out in Wyoming, but
2 those were thermal? Were those thermal coal mines?

3 A. Thermal mines, yes, sir.

4 Q. We may get into that a little more later,
5 but I appreciate you clarifying that.

6 You testified that in 2017 that decision to
7 create Blackjewel and create the separation was
8 decided by the board. Who was the board in 2017
9 when that decision was made?

10 A. The board of directors was Jeff Scofield,
11 John Reynolds, and myself.

12 Q. And who are Jeff Scofield and John
13 Reynolds?

14 A. They are -- John Reynolds was the founder
15 of Lime Rock Partners, and obviously a partner in
16 Lime Rock, and Jeff Scofield was the chief
17 operating officer of Lime Rock Partners.

18 Q. Did you say "chief operating officer"?

19 A. Yes, sir.

20 Q. Excuse me. Are you currently an officer in
21 any business?

22 A. Not to my knowledge, no.

23 Q. Are you working today? And that's a kind
24 of vague question, but are you currently -- do you

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1 A. No.

2 Q. Was Jeffery a trustee of the Blackjewel
3 Trust?

4 A. I don't think so.

5 Q. Was Jeremy a trustee of the Blackjewel
6 Trust?

7 A. He may have been.

8 Q. Were you a trustee of the Blackjewel Trust?

9 A. I'm not sure. I may have been. I don't
10 think I could be a trustee, but I -- so I'm not
11 sure. I don't think so, but I'm not -- you would
12 have to get the organization documents and see. I
13 just can't tell you off the top of my head.

14 Q. Whatever the document says it obviously
15 says. Is that fair enough?

16 MR. KANE: Object to the form of the
17 question.

18 A. I wouldn't -- I wouldn't make a blanket
19 statement saying that -- we have seen a number of
20 times here that documents prepared, even prepared
21 by United's attorney, are wrong. So I'm not going
22 to give you a blanket statement to say because a
23 document says it that it's correct.

24 Q. You can't -- as you sit here today, you

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1 focus of it, and I kind of told them about the
2 project, but I don't remember any questions or
3 anything related to who the owners were or
4 whatever.

5 I think -- I think it's pretty common knowledge
6 that the Hoops family is involved with the Grand
7 Patrician, and I don't know that anybody ever said,
8 "Do you own it? Are you the member? Are you the
9 manager?" I don't remember having those
10 conversations with anyone.

11 Q. You testified earlier that you -- that Lime
12 Rock was involved with Blackjewel. Do you recall
13 that?

14 A. Yes, sir.

15 Q. I don't think we got into great detail
16 about that, but we'll touch back on that a little
17 more. What was the nature of the relationship
18 between Lime Rock and Blackjewel?

19 A. Lime Rock is a private equity fund. They
20 made a substantial capital investment, almost \$90
21 million, in Blackjewel. They owned 62.5 percent of
22 the company. They controlled the board. They were
23 very actively involved in preparing financial
24 models. They were actively involved in weekly

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1 calls, reviewing operations and finances of the
2 company. So they were very hands-on and very
3 involved in the management of the company.

4 Q. And I know you already provided this to me,
5 and I know I'm asking the same question again, but
6 who were the two individuals? I think it was --
7 was it Jeff Scofield and who else were board
8 members?

9 A. John Reynolds.

10 Q. John Reynolds. And did they have titles as
11 members of the board? Were all three of you just
12 members of the board?

13 A. Just all three board members.

14 Q. Did you have equal voting rights?

15 A. They controlled the board.

16 Q. I understand there were two of them and
17 you, but if you had a vote on the board, did you
18 each get a vote?

19 A. Yes.

20 Q. Obviously, two to three would win?

21 A. Yes.

22 MR. HAYES: Two to one.

23 MR. KANE: Two to one.

24 MR. RAUPP: Two to one. Thank you for

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1 the math correction.

2 Q. And they invested \$90 million, you said?

3 A. Approximately, yes.

4 Q. When was that?

5 A. Over a several year period of time from
6 2009 to probably 2014.

7 Q. And so it wasn't one lump sum?

8 A. No.

9 Q. Do you remember how many payments they made
10 towards --

11 A. I would just be guessing, but it was
12 multiple payments, five, six, or more.

13 Q. And the total about 90?

14 A. Yes.

15 Q. And you said that was from 2009 to 2014, so
16 would that have been in the period when it was
17 still Revelation?

18 A. Yes.

19 Q. Did their stake transfer then to
20 Blackjewel?

21 A. Yes. Yeah. Blackjewel is actually
22 Revelation, if you look. Basically, it's the same
23 FEIN number, so it was just a name change of
24 Revelation to Blackjewel.

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1 Q. So in terms of your relationship with Lime
2 Rock and their participation in the board,
3 nothing -- nothing changed; is that correct?

4 A. That's correct, yes, they still had
5 control.

6 Q. Did they always -- I guess from the get-go,
7 when they first made their first payment towards
8 their last payment and then onwards towards
9 bankruptcy, did their ownership percentage ever
10 change?

11 MR. HAYES: Objection to form.

12 A. Yes.

13 Q. I know you testified that they were, I
14 think, 62.5 percent owners.

15 A. Yes.

16 Q. Was it ever more than that?

17 A. I don't think so.

18 Q. So what -- I guess was it ever less than
19 that?

20 A. Yes.

21 Q. Did it increase over time then?

22 A. Yes.

23 Q. When they first invested, what was their
24 ownership percentage?

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1 A. I don't recall exactly. It was somewhere
2 in the neighborhood of 50, close to 50 percent
3 owner.

4 Q. In 2009, or from 2009 until the time of the
5 bankruptcy, were there ever more than the three of
6 you on Blackjewel's board of directors?

7 A. No.

8 Q. And you testified a minute ago that they
9 had a somewhat active role. Am I characterizing
10 that correctly?

11 A. Yes. They were very, very involved in the
12 business.

13 Q. And if you don't mind, tell me what exactly
14 was their day-to-day role in the running of
15 Blackjewel?

16 A. As I stated, you know, any major
17 acquisitions or decisions related to the company
18 required board -- board approval. They had weekly
19 calls where they reviewed all the operations each
20 Friday. They prepared the financial models, the
21 ones that we used for banks. And they certainly --
22 in the case of Riverstone, they're the ones that
23 came -- came -- brought Riverstone to the table.
24 So they were very involved, especially on the

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1 So under that it indicates that you called
2 United Bank with Mr. Pilon, exactly as you
3 recalled; right?

4 A. Yes, sir.

5 Q. Indicates that you were put on hold for 20
6 minutes, which is in the range of your recollection
7 that you shared a little bit ago; right?

8 A. Yes, sir.

9 Q. Okay. And then it says, "At 4:51 Dave
10 Mills came on the line and told me about the call
11 at 3:00 p.m., and without even calling me to
12 confirm, he shut down all accounts, not only of
13 Blackjewel but of unrelated entities"; right?

14 A. That's correct.

15 Q. And the 3:00 call refers to the 3:00 call
16 that's in the chronology above that; is that right?

17 A. Yes, sir.

18 Q. And that's the call from Marc Weintraub at
19 Bailey & Glasser to United Bank that you testified
20 about earlier; right?

21 A. Yes, sir.

22 Q. How long had you been banking with United
23 Bank approximately, you and your family members, as
24 of July 1, 2019?

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1 A. Probably 10 or 11 years at that point.

2 Q. Okay. Fair to say you did a lot of
3 business with them; right?

4 A. Yes, sir.

5 Q. You had very large accounts with them;
6 right?

7 A. Yes.

8 Q. Okay. Do you think it was appropriate for
9 United Bank to take the action they did based on a
10 call from an attorney for some other party?

11 MR. RAUPP: Object to form.

12 A. I just can't imagine why they would take
13 this kind of action without at least picking up the
14 phone and calling me to ask -- or get the other
15 side of the story or confirm what they were saying
16 was true, which at this time it was absolutely not
17 true. I mean, we had literally, just hours before
18 this, had had our first conversation ever about
19 reorganizing, and bankruptcy was just one of the
20 many options we were considering, and in my mind,
21 the least likely of all the scenarios we were
22 looking at.

23 Q. All right. Do you think it was appropriate
24 for the Bailey Glasser attorney to make that call?

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1 A. That is correct.

2 MR. RAUPP: Object to form.

3 Q. Because there was no money to pay them?

4 A. Yes.

5 MR. KANE: Let's take a like
6 5-minute break so I can organize myself.

7 THE VIDEOGRAPHER: The time is
8 5:10 p.m. We're off the record.

9 (Off the record.)

10 THE VIDEOGRAPHER: The time is
11 5:14 p.m. We're on the record.

12 BY MR. KANE:

13 Q. Mr. Hoops, I'm going to jump around a
14 little bit in an effort to make sure I have asked
15 all the questions I want to ask, so apologies.
16 I'll try to let you know when I'm changing topics.

17 I'm going to start with the ownership of
18 Blackjewel. You said that at the time of the
19 bankruptcy filing, that Lime Rock owned 67.5
20 percent and that your side owned 32.5? Did I --
21 I'm sorry. I got it wrong. 62.5 on the Lime Rock
22 side, 37.5 on what I'm going to call just
23 imprecisely your side for now; is that right?

24 A. That's correct.

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1 MR. HAYES: Object to the
2 characterization.

3 Q. Was your side owned by you directly, or was
4 it owned through another entity?

5 A. It was owned by the Blackjewel Trust.

6 Q. Okay. And that -- you testified in
7 response to questions that those ownership
8 percentages changed over time as Lime Rock put more
9 money into Blackjewel. Did I recall that
10 correctly?

11 A. That's correct.

12 Q. Do you recall as of March 30, 2017, what
13 the ownership percentages were?

14 A. Well, at that time Blackjewel didn't exist.
15 It wasn't formed until the Riverstone loan and
16 restructuring took place in July of 2017.

17 Q. What about on the Revelation side, what was
18 the ownership percent -- or of Revelation, what was
19 the ownership percentages as between Blackjewel
20 Trust and Lime Rock then?

21 A. It was a little different than that. It
22 was -- I would just be guessing. It was probably
23 60 percent Lime Rock or probably 60 -- yeah, 60
24 percent Lime Rock, probably 35 percent -- I'm